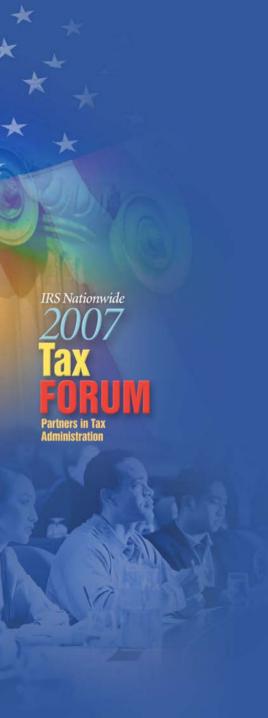


Appeals

Same Mission, New Tools



APPEALS MISSION

To resolve tax controversies, without litigation, on a basis which is fair and impartial to both the Government and the taxpayer in a manner that will enhance voluntary compliance and public confidence in the integrity and efficiency of the Service.



What's in dispute?

- Facts
- Legal and procedural guidelines applied to the facts



Appeals Resolution Toolkits

- Negotiators
 - Facts
 - Legal and Procedural Guidelines
 - Settlement based on the hazards of litigation
- Mediators (neutral third-party)



Exporting Resolution Toolkits

- Early Referral
- Fast Track Mediation & Fast Track Settlement
- Tax Exempt Bonds
- Delegation Order 4-24 & 4-25
- Pre-filing Valuation of Artwork

Case Study One



Internet (Web Hosting Services)

Rental Property

Management

7 JM

IRS Nationwide

- •Car & Truck
 - •Ordinary & necessary
 - Substantiation

- •Repairs
 - Capitalization
- •Car & Truck
 - •Ordinary & necessary
 - •Substantiation



- Mediated resolution
 - Internet Business
 - Allowed substantiated ordinary & necessary car and truck expenses
 - Rental Property Management
 - Renovation repairs were capitalized
 - Car and truck expenses were not allowed
- All parties signed the FTS Session Report / Evaluation of Process





- 2003 loss from the operation of a restaurant
 - Loss subject to Passive Activity Rules
 - Taxpayer not involved in day to day business operations
 - Activities did not rise to material participation
 - Inadequate documentation to support material participation







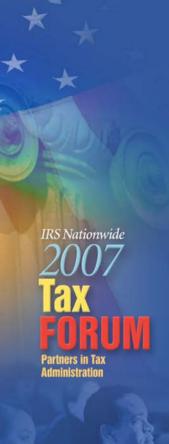
- Preliminary Review / Scheduling
- Mediation / FTS Session
- Closing
- Evaluation





Case Study Two

- Mediated/Negotiated Settlement
 - Basis for settlement
 - Taxpayer offered substantiation for material participation – deficient
 - Credibility of Taxpayer's oral testimony – regularly engaged in business operations
- All parties signed the FTS Session Report
- Evaluation of Process



Benefits – Exporting our Toolkits

- Reduces the overall length of the taxpayer's experience with the IRS
- Reduces costs
- All parties to the dispute have a voice in the resolution

For more information...

Visit Appeals at www.irs.gov/appeals

Careers in Appeals



View an informative video stream entitled, "Appeals—Today and

Tomorrow"



